

Message Text

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ACTION EA-12

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UNCLAS SECTION 01 OF 02 TAIPEI 01904

FOR USDOC/BED/OIM/EA/KELLY

E.O. 11652: NA
TAGS: BEXP, TW
SUBJ: EIPT-78, APRIL 11-14, 1978

SUMMARY

ROBERT KELLY, COUNTRY MARKETING MANAGER, EAST ASIA GROUP, USDOC, ON RECENT VISIT TO TAIPEI, ACCOMPANIED THE DIRECTOR OF THE TRADE CENTER DURING A MEETING WITH H. K. SHAO, DIRECTOR, BOARD OF FOREIGN TRADE. EIPT-78 EXHIBITION WAS DISCUSSED WITH SHAO AND HE WAS APPRISED THAT 74 AMERICAN FIRMS WILL BE EXHIBITING ELECTRONICS EQUIPMENT IN THE LARGEST EXHIBITION TO BE SPONSORED BY THE USDOC AND TC SINCE ITS OPENING, MARCH 24, 1974. HIS ASSISTANCE WAS SOLICITED TO PERMIT THE ISSUANCE OF IMPORT LICENSES FOR SIX AMERICAN FIRMS WISHING TO DISPLAY MATERIALS SHIPPED FROM THEIR SUBSIDIARIES, LICENSEES OR JOINT VENTURE PARTNERS LOCATED IN JAPAN. BOFT HAS THE AUTHORITY TO GRANT OR DENY THE ISSUANCE OF IMPORT LICENSES FOR PRODUCTS ENTERING THE ROC. UNDER THE GROC PROGRAM TO CORRECT ITS FOREIGN EXCHANGE DEFICIT WITH JAPAN AND TO INCREASE ITS PURCHASES FROM THE UNITED STATES, RIGID CONTROL HAS BEEN ESTABLISHED CONCERNING THE ISSUANCE OF IMPORT LICENSES FOR GOODS ORIGINATING FROM JAPAN. THEY ENCOURAGE ROC END USERS TO

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PURCHASE EQUIPMENT FROM THE UNITED STATES. DUE TO THE SHORT LEAD TIME FOR IMPORTATION OF EXHIBIT MATERIALS FOR EIPT-78, SHAO WILL PERMIT ISSUANCE OF IMPORT LICENSES ON ONE-TIME ONLY BASIS FOR EXHIBIT MATERIALS SHIPPED FROM JAPAN AND DISPLAYED AT EIPT-78. HOWEVER, ALL MATERIALS IMPORTED FROM JAPAN CANNOT BE SOLD OR OTHERWISE DISPOSED OF AND MUST BE SHIPPED FROM

ROC FOLLOWING THE CLOSE OF THE EXHIBITION. EXHIBIT MATERIALS FOR FUTURE TRADE CENTER SHOWS, WITHOUT EXCEPTION, MUST BE SUPPLIED DIRECTLY FROM THE UNITED STATES OR COUNTRIES OTHER THAN JAPAN. END SUMMARY.

1. TRADE CENTER TAIPEI EXPERIENCED DIFFICULTY IN SECURING IMPORT LICENSES ON DISPLAY MATERIALS CONSIGNED TO THE T.C., WHICH ARE BEING SHIPPED FROM JAPAN AND SCHEDULED FOR EXHIBITION AT EIPT-78, APRIL 10-14, 1978. H. K. SHAO, DIRECTOR, BOARD OF FOREIGN TRADE (BOFT), WAS CALLED AND AN APPOINTMENT WAS ARRANGED TO SOLICIT THE COOPERATION OF HIS OFFICE. BOFT HAS THE SOLE AUTHORITY TO APPROVE OR REJECT IMPORTATION OF ALL GOODS ENTERING THE ROC. SHAO EXPLAINED THAT IT WAS A GROC POLICY TO RESTRICT IMPORTATION OF GOODS FROM JAPAN WHILE AT THE SAME TIME ENCOURAGING ROC BUYERS AND END USERS TO PURCHASE EQUIPMENT AND SUPPLIES FROM THE UNITED STATES OR COUNTRIES OTHER THAN JAPAN. GROC POLICY ON "BUY AMERICA" HAS BEEN EXTENSIVELY REPORTED TO STATE AND COMMERCE SINCE ITS INCEPTION IN NOVEMBER 1977. ADDITIONALLY, SHAO INDICATED THAT RESTRICTIONS ON IMPORTS FROM JAPAN MAY BE TIGHTENED IN THE FUTURE UNLESS THE ROC TRADE IMBALANCE WITH JAPAN SHOWS IMPROVEMENT. LOCAL END USERS ARE FINDING IT PROGRESSIVELY MORE DIFFICULT TO SECURE, WITHOUT VALID UNCLASSIFIED

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JUSTIFICATION, IMPORT PERMITS FOR GOODS FROM JAPAN.

2. A FULL EXPLANATION WAS PRESENTED TO SHAO WHICH OUTLINED THE TRADE CENTER'S URGENT NEEDS TO CLEAR GOODS IN QUESTION FOR DISPLAY PURPOSES DURING EIPT-78 SCHEDULED TO OPEN ON APRIL 10. IT WAS ALSO NOTED THAT THE EQUIPMENT WAS BEING SUPPLIED BY AMERICAN SUBSIDIARIES, LICENSEES OR JOINT VENTURE PARTNERS WHICH MET OUR CONDITIONS OF PARTICIPATION I.E., THE EQUIPMENT CONTAINED 51 PERCENT OR MORE IN DOLLAR VALUE OF AMERICAN MADE COMPONENT PARTS. HOWEVER, HE POINTED OUT THE IMPORT PERMIT WOULD RECORD 100 PERCENT DOLLAR IMPORT VALUE FROM JAPAN IF THE MATERIAL REMAINED IN TAIWAN AND CUSTOMS CHARGES WERE PAID. IN VIEW OF THE LIMITED TIME BEFORE OPENING OF EIPT-78, SHAO AGREED TO AUTHORIZE IMPORT PERMITS ON THE CONDITION THAT THE EQUIPMENT REMAIN IN THE POSSESSION OF THE TRADE CENTER AND ALL EQUIPMENT UNDER THE PERMITS BE SHIPPED FROM TAIWAN FOLLOWING THE CLOSE OF THE EXHIBITION. ON FUTURE TC EXHIBITIONS, IMPORT PERMITS WILL NOT REPEAT NOT BE AUTHORIZED BY BOFT FOR JAPANESE MANUFACTURED OR ASSEMBLED EQUIPMENT.

EXHIBIT MATERIALS FOR FUTURE TC EVENTS MUST ORIGINATE FROM EXHIBITOR'S LOCAL STOCK, FROM THE UNITED STATES OR FROM COUNTRIES OTHER THAN JAPAN.

3. ROBERT KELLY, CMM, EA, USDOC ACCOMPANIED THE DIRECTOR DURING THE DISCUSSION WITH MR. SHAO AND IS AWARE OF THE DETERMINATION OF THE GROC EFFORT TO RARUCE PURCHASES FROM JAPAN AND TO BUY MORE FROM THE US. IT IS REQUESTED THAT PROJECT OFFICERS SOLICITING FOR CONSTRUCTION USA (MAY 1-5) AND FUTURE TC EVENTS INFORM EXHIBITORS THAT THEIR DISPLAY MATERIAL SCHEDULED FOR TAIPEI EXHIBITIONS ORIGINATE, PREFERABLY FROM THE UNITED

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FOR USDOC/BED/OIM/EA/KELLY

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STATES, OR FROM A FOREIGN SOURCE OTHER THAN JAPAN. FROM THE SHAO/KELLY/POTHUISJE MEETING OF MARCH 23, IT APPEARS HIGHLY IMPROBABLE THAT IMPORT PERMITS WILL BE ISSUED FOR JAPANESE MANUFACTURED GOODS SCHEDULED FOR DISPLAY AT FUTURE TRADE CENTER EVENTS REGARDLESS OF THE PERCENTAGE OF AMERICAN OWNERSHIP OF THE SUBSIDIARY OR PERCENTAGE OF AMERICAN MADE COMPONENTS PRESENT IN THE EQUIPMENT.

4. CONSIDERING THE BOFT'S REQUEST THAT DISPLAY MATERIALS ORIGINATING FROM JAPAN BE SHIPPED FROM TAIWAN FOLLOWING THE CLOSE OF EIPT-78, OIM SHOULD MAKE AN EXCEPTION CONCERNING THE RETURN FREIGHT CLAUSE OF THE CONDITION OF PARTICIPATION.

CURRENTLY, ONLY EXHIBIT MATERIALS SHIPPED FROM THE UNITED STATES ARE ELIGIBLE FOR PRE-PAID FREIGHT WHEN RETURNED TO THE POINT OF ORIGIN. EXHIBITORS WERE UNAWARE OF THE DECISION OF THE BOFT ON SHIPMENTS ORIGINATING IN JAPAN AND IN THE PAST SUCH EQUIPMENT GENERALLY WAS SOLD DURING THE EXHIBITION AND REMAINED UNCLASSIFIED

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IN TAIWAN. THERE ARE 42 SHIPMENTS SCHEDULED FOR EIPT OF WHICH FIVE SHIPMENTS WILL ORIGINATE FROM JAPAN. THE SHIPMENTS WERE CONSIGNED BY SYSTRON-DONNER, HEWLETT-PACKARD, SIMPSON, EMERSON & CUMING AND DENNISON. THESE FIRMS ARE BEING ADVISED OF THE BOFT RULING WHICH REQUESTS THAT THEIR EQUIPMENT BE EXPORTED. TC REQUESTS AUTHORIZATION TO PRE-PAY RETURN FREIGHT ON ABOVE FIVE FIRMS AS THEIR EQUIPMENT WILL BE RETURNED TO JAPAN.

5. PLEASE ADVISE RE REQUESTS PARAS 3 AND 4 ABOVE.
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